Department of Defense Purchase Card Program

U.S. Army Europe
Head Of Contracting Activity
Acquisition Conference
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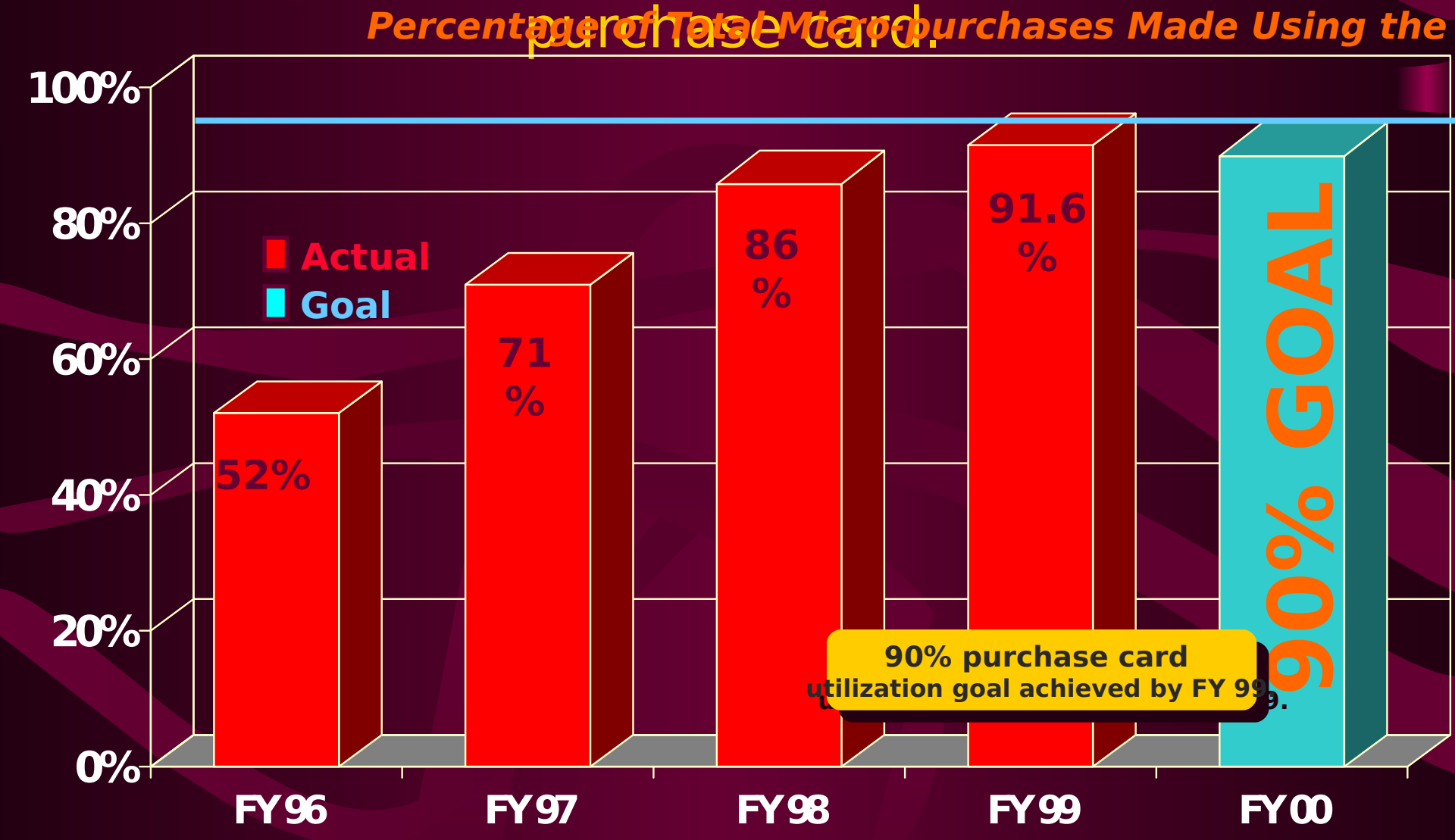
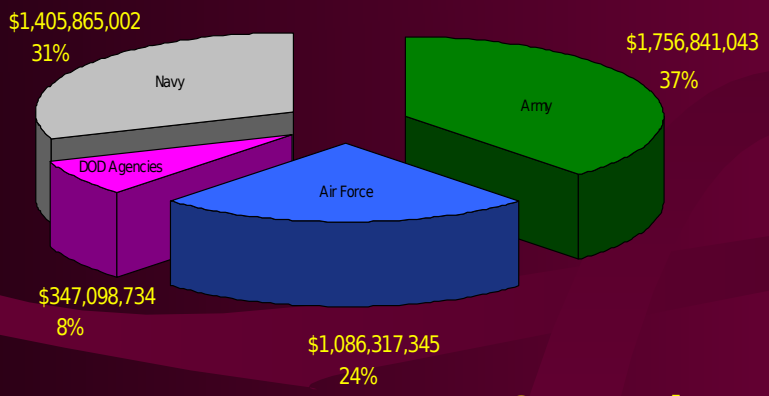
By FY '00, 90 percent of good and services less than $2,500 will be bought using the purchase card.



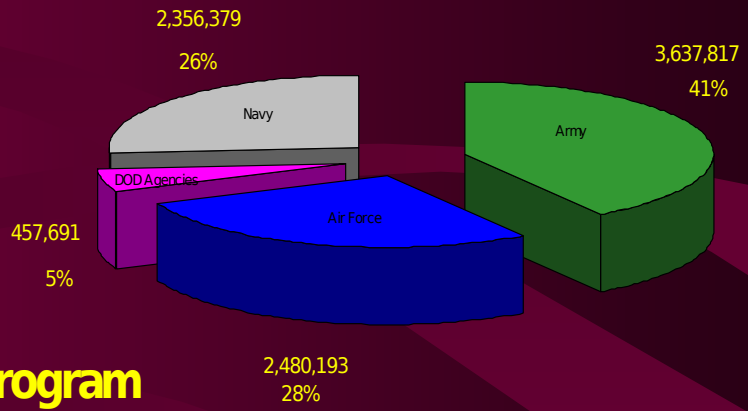
Source: Purchase Card PMO

DRO 2000 CD: Chapt

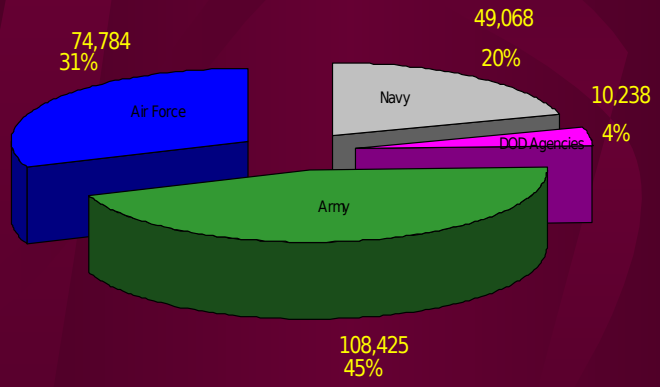
DOD Purchase Card Program
FY1999 Dollars Purchased



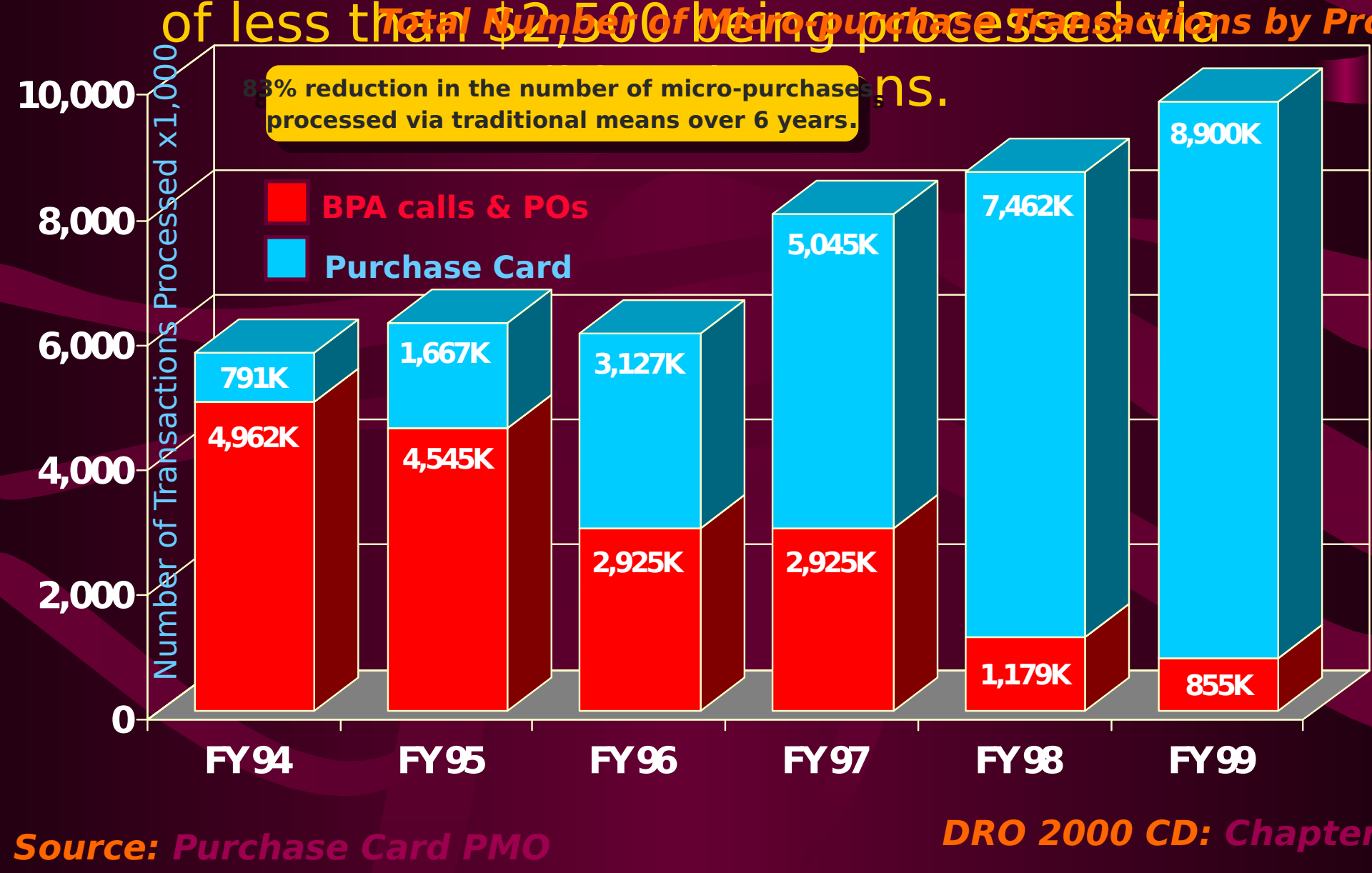
DOD Purchase Card Program
FY1999 Card Purchases



DOD Purchase Card Program
FY1999 Cards Issued



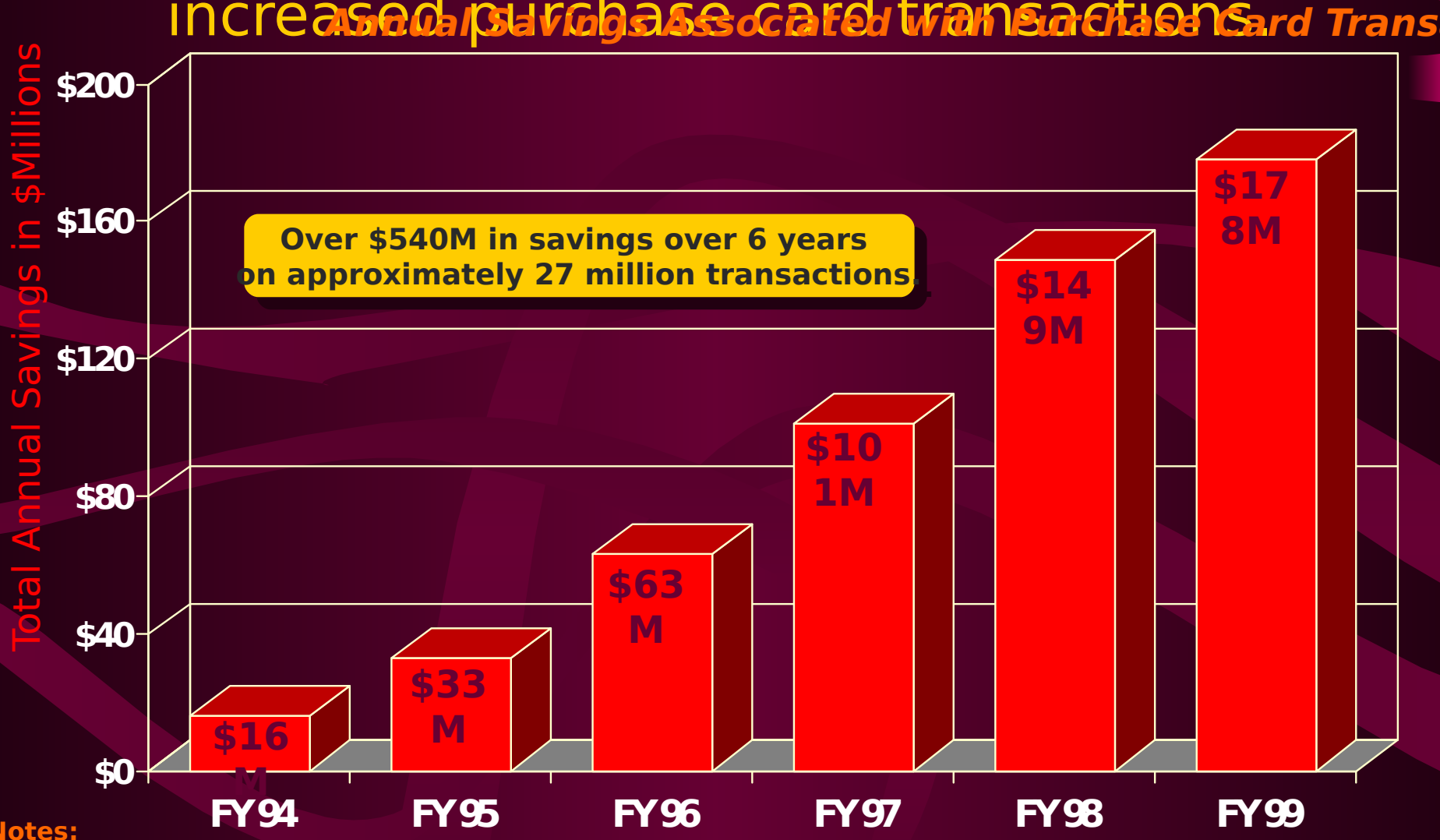
Continued reductions in the total number of transactions of less than $2,500 being processed via traditional means.



Source: Purchase Card PMO

DRO 2000 CD: Chapter

Decrease administrative burden associated with processing micro-purchase transactions through increased purchase card transactions



Notes:

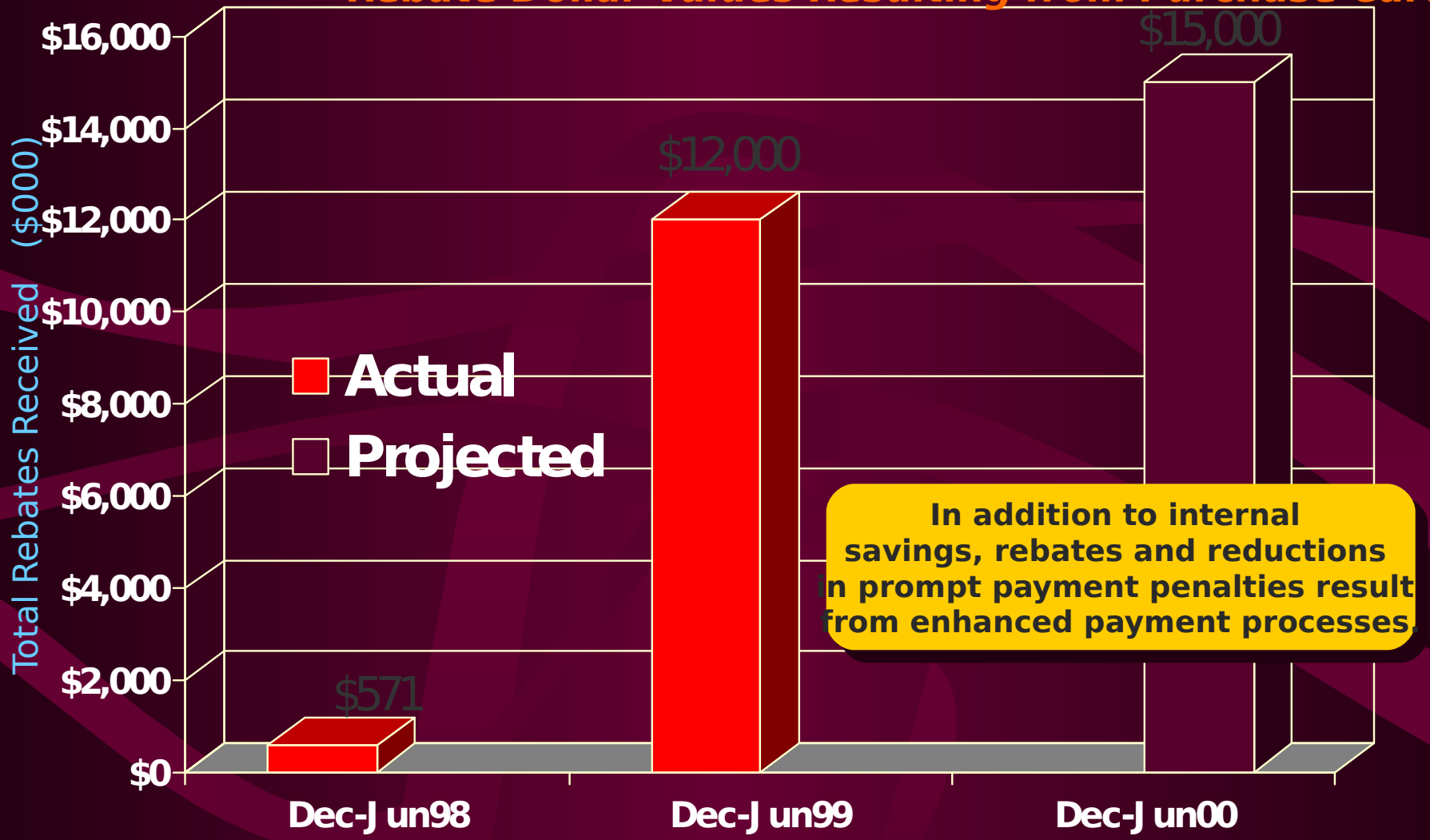
1) Purchase Card administrative savings based upon lowest published estimate of $20 saved per transaction over traditional processing means.

Source: Purchase Card PMO

DRO 2000 CD: Chapte

DoD Realizing Increased Payment Rebates via Purchase Cards

Rebate Dollar Values Resulting from Purchase Card U



Source: *Purchase Card PMO*

DRO 2000 CD: Chap

DOD Purchase Card Program

Bank Refunds

DoD/USBank = $3.2 billion in sales

Days after cycle

45	35.90	**32**	55.55	**19**	75.85
44	37.40	**31**	57.10	**18**	77.45
43	38.90	**30**	58.64	**17**	79.00
42	40.40	**29**	60.15	**16**	80.60
41	41.90	**28**	61. **41**	**15**	82.20
40	43.40	**27**	63.25	**14**	83.85
39	44.90	**26**	66.35	**13**	85.45
38	46.40	**25**	67.95	**12**	87.05
37	47.90	**24**	69.55	**11**	88.70
36	**49.40**	**22**	71.10	**10**	90.30
35	50.95	**21**	**72.70**	**9**	91.95
34	52.45	**20**	74.25	**8**	**93.55**
33	54.00				

Basis Points (.00%)

$15.9M $23.4M $30.1M

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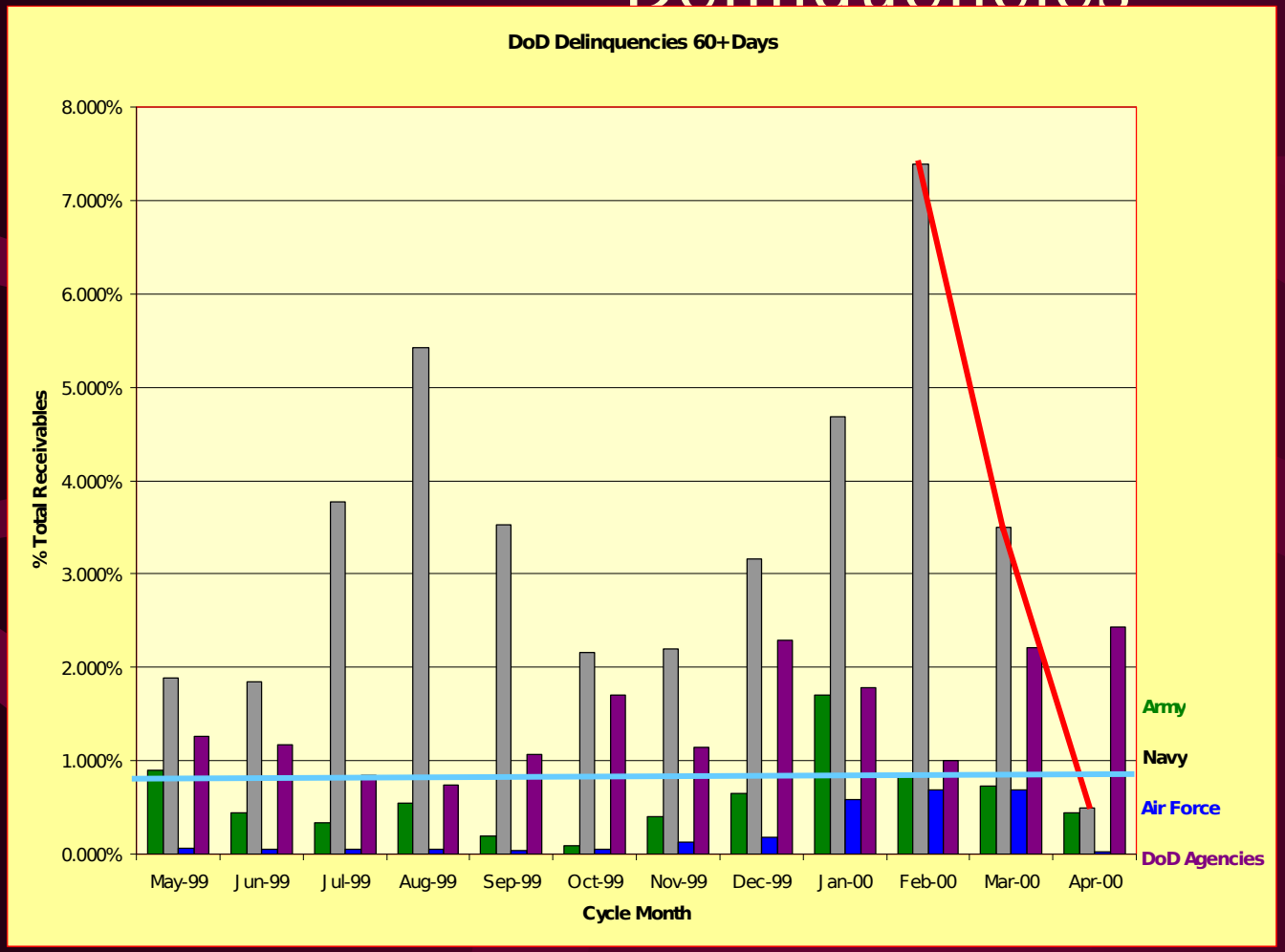
Delinquencies



- 90 days delinquen
  Suspend Billing Account
- 180 days delinque
  Suspend all level 4 Accounts

Legislative Efforts

- Raise Micro-Purchase Threshold to $10,000
  - Reform initiative on Hill defeated
    - Labor and Small Business communities objected
  - Not likely to re-visit
- Overseas Single Purchase Limit to $25,000
  - Implemented
- Refund Distribution
  - Apply to current year funds when received
  - Apply to appropriations used to support purchases
    - attempting to change to O&M funds

DOD Purchase Card Program

Issuing and Funding Cards

- DoD policy to issue cards at lowest level
  - empower and hold accountable
- Approving/Certifying Officials in cardholder chain of command
  - review/approval critical internal control
    - pecuniary liability exists
- Resource Manager involved in set-up process
  - identify appropriation and funding limit
  - commit/obligate funding prior to card usage
    - minimize detail (single line of accounting?)

DOD Purchase Card Program

Purchase versus Payment

- √ Purchases at and below Micro-Purchase Threshold
  - authorizes purchases without clauses/provisions
    - eliminates need for “paper”
  - requires determination of fair and reasonable price
  - requires rotation of sources
  - NIB/NISH and UNICOR ***are*** applicable
  - card offers best (simplest) method for purchase
    - DoD mandates use of card

DOD Purchase Card Program

Purchase versus Payment

- √ Purchases above the Micro-Purchase Threshold
  - clauses/provisions apply
  - more complex procedures as costs increases
    - small business
    - competition
    - advertising
  - card cannot be used as stand-alone purchasing method

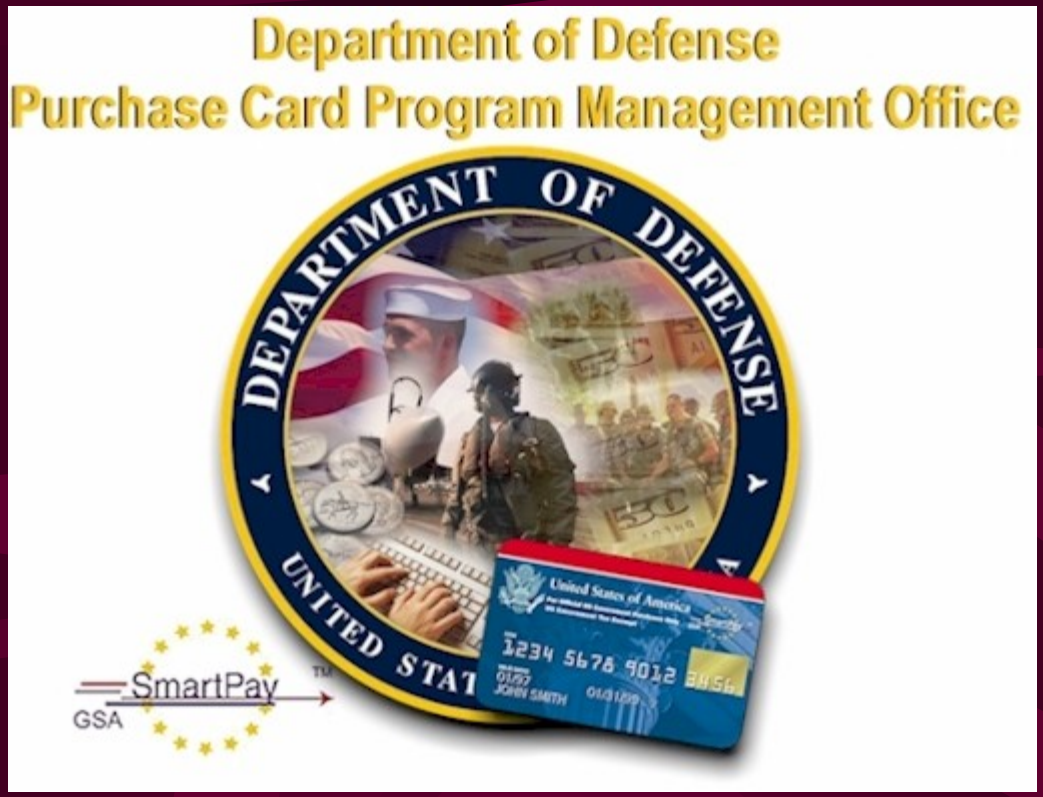
***HOWEVER*:**

  - orders placed against large contract offer similar savings
    - can be written or verbal
    - card can be designated method of payment

DOD Purchase Card Program

Program Direction

- Increase use of card as payment with *GSA Advantage*
  - cardholders appointed as Ordering Officials
  - develop metrics - monitor performance
  - capture contract data via *GSA Advantage*
- Cardholder and billing statements on web
- Certification on web next year



Thank You!

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